



## Department of Energy

Washington, DC 20585

March 20, 2003

### MEMORANDUM FOR DISTRIBUTION

FROM: HELEN O. SHERMAN, DIRECTOR *Helen O. Sherman*  
OFFICE OF FINANCE AND ACCOUNTING POLICY

SUBJECT: POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)  
FY 2003 INFORMATION REQUEST

**Note: This guidance has been exempted from Field Management Council review.**

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," of December 1990, for measuring and recognizing costs and liabilities associated with contractor PRB and will continue to use nonfund transactions to annually accrue the incremental costs and liabilities (i.e., amounts required beyond "pay-as-you-go" requirements). In this regard, the requirements contained in the attached "Department of Energy Postretirement Benefit Plans, 2003 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing PRB obligation. The completed information requests will be used in the development of PRB accrual estimates and the data will be reviewed and compiled by Headquarters with the assistance of our contractual actuarial support in the development of yearend consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which supersedes the disclosure requirements of FASB Statement No. 106. **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The FY 2002 information request has been modified to clarify areas where contractors experienced the most difficulty in completing last year's requirements and the required standardized assumptions have been reviewed and updated as needed (e.g., **required discount rate selected is 6.5%; required medical trend rate assumptions have been changed**). To assist in the completion of this year's response, a checklist of required information to be provided in the initial submission has been included in Section E of the information request. Also, the FY 2003 information request provides, as attachments, a copy of any FY 2002 individual contractor memoranda developed by Jeff Rose of Buck Consultants, Inc. regarding any additional information requested as a result of the FY 2002 review process and applicable individual contractor disclosure sheets, "9/30/2002 Disclosure Information under FAS Statement No. 106." These disclosure sheets contain information necessary for the completion of the FY 2003 information request. For example, the amount on Line D.5, "9/30/2002 Total Accrued Postretirement Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line A.1, "Accrued Postretirement Benefit Cost at 9/30/2002," of the information request.



As required in previous information requests, the PRB estimates must be developed by the contractors through the use of qualified actuarial support. In this regard, this year's information request requires additional information regarding the actuarial support completing the submission. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to the new Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 111 Market Place, Baltimore, Maryland 21202, by May 23, 2003. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 97 and Microsoft Excel 97**) must be included with each contractor submission to ME-11 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations. **Please note that due to the accelerated schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to ME-11 and to Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Office of Financial Control and Reporting shall be followed for recording PRB liabilities. It should also be noted that adjustments to the accrual estimates may be required as additional information becomes available by yearend (e.g., actual employer cash costs for the fiscal year and updated asset information, if applicable, required by August 27, 2003).

Please forward the name, phone number, and fax number of a point of contact to ME-11 by March 31, 2003. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

**DISTRIBUTION:**

Thomas C. Foley, Acting CFO, Chicago Operations Office  
Timothy A. Rea, Financial Program Manager, Golden Operations Office  
Christine Ott, Chief Financial Officer, Idaho Operations Office  
Wendy L. Miller, Director, Capital Accounting Center  
Janet Hogler, Chief Financial Officer, National Energy Technology Laboratory  
David Marks, Director, Office of Field Financial Management, National Nuclear Security Administration  
Peter W. Greenwalt, Chief Financial Officer, Ohio Field Office  
Judith M. Penry, Chief Financial Officer, Oak Ridge Operations Office  
Gary A. White, Chief Financial Officer, Pittsburgh Naval Reactors Office  
Philip Van Loan, Chief Financial Officer, DOE Rocky Flats--Rocky Flats Field Office  
Jean F. Schwier, Assistant Manager, Administration, Richland Operations Office  
Kevin Ensign, Acting Chief Financial Officer, Office of River Protection -- Richland Operations Office  
William J. Leahy, Chief Financial Officer, Schenectady Naval Reactors (Thru: NE-60/Rm 4N06/NR)  
Marvin T. Huntsman, Director, Planning & Financial Mgmt. Dvn., Strategic Petroleum Reserve Office  
John Pescosolido, Chief Financial Officer, Savannah River Operations Office